

1-1 By: Morrison, Brown of Brazos H.B. No. 3015
1-2 (Senate Sponsor - Shapiro)
1-3 (In the Senate - Received from the House May 1, 2003;
1-4 May 7, 2003, read first time and referred to Subcommittee on Higher
1-5 Education; May 15, 2003, rereferred to Committee on Education;
1-6 May 22, 2003, reported adversely, with favorable Committee
1-7 Substitute by the following vote: Yeas 5, Nays 2; May 22, 2003,
1-8 sent to printer.)

1-9 COMMITTEE SUBSTITUTE FOR H.B. No. 3015 By: Shapiro

1-10 A BILL TO BE ENTITLED
1-11 AN ACT

1-12 relating to the tuition and fees charged to students of
1-13 institutions of higher education, to financial assistance funded by
1-14 tuition, and to accountability reports by institutions of higher
1-15 education.

1-16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-17 SECTION 1. Subchapter A, Chapter 54, Education Code, is
1-18 amended by adding Section 54.0031 to read as follows:

1-19 Sec. 54.0031. EXPIRATION OF AUTHORITY TO IMPOSE TUITION AND
1-20 STUDENT FEES. (a) A general academic teaching institution, as
1-21 defined by Section 61.003, may not impose, charge, or collect
1-22 tuition or a fee authorized by this title from any student enrolled
1-23 at the institution for a term or semester that begins on or after
1-24 January 1, 2006.

1-25 (b) This section does not apply to a charge or fee for goods
1-26 or services that are not provided as part of the institution's
1-27 academic program, such as a charge for housing or food service or
1-28 for attendance at athletic or cultural events, unless every student
1-29 not exempted by law from payment of the charge or fee who registers
1-30 at the institution is required to pay the charge or fee.

1-31 SECTION 2. Section 54.0513, Education Code, is amended to
1-32 read as follows:

1-33 Sec. 54.0513. DESIGNATED TUITION [REDESIGNATION OF
1-34 BUILDING USE FEE]. (a) [The building use fee previously authorized
1-35 in Section 55.16 of this code is redesignated as tuition.

1-36 [(b)] In addition to amounts that a governing board of an
1-37 institution of higher education is authorized to charge as tuition
1-38 under the other provisions of this chapter, the governing board is
1-39 authorized to charge an amount designated as tuition in an academic
1-40 year an amount not to exceed the amount charged under Sections
1-41 54.051 or 54.0512, as applicable, in that academic year.

1-42 (b) In addition to the amounts authorized by Subsection (a)
1-43 or the other provisions of this chapter, the governing board of an
1-44 institution of higher education may charge a resident undergraduate
1-45 student an amount designated as tuition as follows:

1-46 (1) for the 2003-2004 academic year, an amount not to
1-47 exceed \$23 per semester credit hour; and

1-48 (2) for the 2004-2005 academic year, an amount not to
1-49 exceed \$46 per semester credit hour.

1-50 (b-1) The governing board of an institution of higher
1-51 education may not increase the maximum amount of tuition charged
1-52 under this section by combining or aggregating the additional
1-53 amounts permitted by Subsections (b)(1) and (2).

1-54 (c) For a nonresident student or a student enrolled in a
1-55 graduate degree program, including a dental or medical degree
1-56 program, a graduate degree program in an allied health field, or
1-57 another graduate-level professional degree program, the governing
1-58 board of an institution of higher education may charge amounts
1-59 designated as tuition in the amounts and under the terms the
1-60 governing board considers necessary for the effective operation of
1-61 the institution.

1-62 (d) A governing board may set the tuition authorized by this
1-63 section at a different rate for each program and course level

2-1 offered by an institution of higher education and may set different
 2-2 tuition rates at an institution for different academic periods or
 2-3 based on any other factor the governing board considers appropriate
 2-4 to increase graduation rates, enhance employee performance, or
 2-5 further the efficient use of facilities or resources. This
 2-6 subsection does not authorize a governing board to set tuition in
 2-7 violation of a limitation provided by another provision of this
 2-8 chapter.

2-9 (e) Amounts collected by an institution of higher education
 2-10 under this section are institutional funds as defined by Section
 2-11 51.009 [~~of this code~~] and shall be accounted for as designated
 2-12 funds. These funds shall not be accounted for in a general
 2-13 appropriations act in such a way as to reduce the general revenue
 2-14 appropriation to a particular institution.

2-15 (f) [~~(d)~~] A governing board may waive all or part of the
 2-16 tuition charged to a student under this section if it finds that the
 2-17 payment of such tuition would cause an undue economic hardship on
 2-18 the student.

2-19 (g) [~~(e)~~] Section 56.033, [~~of this code~~] requiring certain
 2-20 percentage amounts of tuition to be set aside for grants and
 2-21 scholarships, does not apply to tuition collected under this
 2-22 section.

2-23 (h) [~~(f)~~] A governing board of an institution of higher
 2-24 education may continue to charge as tuition under this section the
 2-25 amount that it charged as the building use fee at that institution
 2-26 in the 1996-1997 academic year without holding a public hearing,
 2-27 but may not increase tuition under this section above that amount
 2-28 without holding a public hearing.

2-29 SECTION 3. Section 54.619, Education Code, is amended by
 2-30 adding Subsection (j) to read as follows:

2-31 (j) The board may suspend new enrollment in the program as
 2-32 the board considers necessary to ensure the actuarial soundness of
 2-33 the fund.

2-34 SECTION 4. Section 54.624, Education Code, is amended to
 2-35 read as follows:

2-36 Sec. 54.624. SENIOR COLLEGE PLAN. (a) Through the senior
 2-37 college plan, a prepaid tuition contract shall provide prepaid
 2-38 tuition and required fees for the beneficiary to attend a public
 2-39 senior college or university for a specified number of
 2-40 undergraduate credit hours not to exceed the typical number of
 2-41 hours required for a baccalaureate degree awarded by a public
 2-42 senior college or university.

2-43 (b) When the beneficiary of a senior college plan prepaid
 2-44 tuition contract enrolls in a public senior college or university,
 2-45 the university shall accept as payment in full of the beneficiary's
 2-46 tuition and required fees the lesser of:

2-47 (1) the amount of tuition and required fees charged by
 2-48 the institution; or

2-49 (2) an amount paid by the board under the contract
 2-50 equal to the weighted average amount of tuition and required fees of
 2-51 all public senior colleges and universities for that semester or
 2-52 other academic period as determined by the board.

2-53 (c) Each public senior college or university shall provide
 2-54 the information requested by the board on or before June 1 each year
 2-55 to assist the board in determining the weighted average amount of
 2-56 tuition and required fees of all public senior colleges and
 2-57 universities for each semester or other academic term of the
 2-58 following academic year for purposes of this section.

2-59 SECTION 5. Chapter 56, Education Code, is amended by adding
 2-60 Subchapter B to read as follows:

2-61 SUBCHAPTER B. FINANCIAL ASSISTANCE FUNDED
 2-62 FROM DESIGNATED TUITION

2-63 Sec. 56.011. UNDERGRADUATE STUDENT ASSISTANCE. (a) The
 2-64 governing board of each institution of higher education shall cause
 2-65 to be set aside:

2-66 (1) not less than 20 percent of the amount of tuition
 2-67 charged to a resident undergraduate student under Section 54.0513
 2-68 in excess of \$46 per semester credit hour; and

2-69 (2) not less than three percent of the amount of

3-1 tuition charged to a nonresident undergraduate student under
3-2 Section 54.0513 in excess of \$46 per semester credit hour.

3-3 (b) The money set aside under this section shall be used to
3-4 support:

3-5 (1) undergraduate work-study programs at the
3-6 institution; and

3-7 (2) the Texas B-on-time loan program, if that program
3-8 is enacted by the 78th Legislature.

3-9 Sec. 56.012. RESIDENT GRADUATE STUDENT ASSISTANCE. (a)
3-10 The governing board of each institution of higher education shall
3-11 cause to be set aside not less than 15 percent of the amount of
3-12 tuition charged to a resident student enrolled in a graduate or
3-13 professional degree program under Section 54.0513(c) in excess of
3-14 \$46 per semester credit hour.

3-15 (b) The money set aside under this section shall be used to
3-16 provide financial assistance for resident students enrolled in
3-17 graduate and professional degree programs at the institution.

3-18 (c) The financial assistance provided under this section
3-19 may include grants, scholarships, and work-study programs.

3-20 Sec. 56.013. INFORMATION REGARDING FINANCIAL ASSISTANCE
3-21 FUNDED FROM DESIGNATED TUITION. The Texas Higher Education
3-22 Coordinating Board shall disseminate to each public or accredited
3-23 private high school in this state information regarding the
3-24 financial assistance available under this subchapter and shall
3-25 include information designed to educate high school students and
3-26 the parents of those students on available opportunities and
3-27 required preparation with respect to institutions of higher
3-28 education. The coordinating board shall recommend a method for
3-29 delivering the information to parents and students under this
3-30 section.

3-31 SECTION 6. Subchapter H, Chapter 51, Education Code, is
3-32 amended by adding Section 51.4015 to read as follows:

3-33 Sec. 51.4015. ACCOUNTABILITY REPORTS. (a) In this
3-34 section, "institution of higher education," "governing board," and
3-35 "university system" have the meanings assigned by Section 61.003.

3-36 (b) In furtherance of the policies of this state to provide
3-37 an affordable, accessible, accountable, and high-quality system of
3-38 higher education that prepares individuals for a changing economy
3-39 and workforce and to promote the development and application of
3-40 knowledge through instruction, research, and public service, the
3-41 Texas Higher Education Coordinating Board shall adopt standards to
3-42 measure the performance of each institution of higher education.

3-43 (c) The standards must include the standards included in the
3-44 performance system established by the coordinating board for the
3-45 master plan for higher education and any other standards the
3-46 coordinating board considers appropriate to measure:

3-47 (1) the availability of each institution to potential
3-48 students and the success of students in meeting the academic
3-49 requirements of the institution;

3-50 (2) academic excellence;

3-51 (3) service to and support by communities; and

3-52 (4) organizational efficiency and productivity.

3-53 (d) The governing board of each institution of higher
3-54 education, other than a public junior college, shall prepare a
3-55 report of the performance of the institution in meeting the
3-56 standards adopted under this section in each academic year. The
3-57 governing board may prepare a single report for all the
3-58 institutions under the jurisdiction of the governing board.

3-59 (e) The governing board shall deliver:

3-60 (1) a copy of the report to the coordinating board not
3-61 later than January 1 following the end of the academic year for
3-62 which the report is prepared; and

3-63 (2) copies of the reports for each of the two preceding
3-64 academic years to the governor's budget office, lieutenant
3-65 governor, speaker of the house of representatives, Legislative
3-66 Budget Board, legislative audit committee, and presiding officer of
3-67 the standing committee of each house of the legislature with
3-68 primary jurisdiction over higher education not later than January 1
3-69 of each odd-numbered year.

4-1 SECTION 7. (a) The Senate Committee on Education and the
4-2 House Committee on Higher Education, after the regular session of
4-3 the 78th Legislature, shall jointly conduct a study of alternative
4-4 methods by which rates for tuition and fees at public institutions
4-5 of higher education may be set by the legislature and by the
4-6 governing boards of those institutions. The study shall consider
4-7 the impact of those alternatives on:

- 4-8 (1) revenue for the operation of institutions of
- 4-9 higher education;
- 4-10 (2) enrollment;
- 4-11 (3) graduation;
- 4-12 (4) educational quality;
- 4-13 (5) affordability;
- 4-14 (6) student financial aid;
- 4-15 (7) state college savings and guaranteed tuition
- 4-16 plans;
- 4-17 (8) progress toward the goals and targets of the
- 4-18 master plan for higher education established under Section
- 4-19 61.051(a), Education Code; and
- 4-20 (9) any other factors determined by the committees to
- 4-21 be significant.

4-22 (b) The chairs of the committees, in consultation with the
4-23 members, shall jointly determine the procedures governing the
4-24 conduct of the study.

4-25 (c) The committees shall present the results of the study
4-26 along with any recommendations to the legislature not later than
4-27 December 1, 2004.

4-28 SECTION 8. (a) The changes in law made by this Act relating
4-29 to tuition charged by institutions of higher education apply
4-30 beginning with the 2003 fall semester.

4-31 (b) The initial report required by Section 51.4015,
4-32 Education Code, as added by this Act, shall be prepared for the
4-33 2002-2003 academic year.

4-34 SECTION 9. This Act takes effect immediately if it receives
4-35 a vote of two-thirds of all the members elected to each house, as
4-36 provided by Section 39, Article III, Texas Constitution. If this
4-37 Act does not receive the vote necessary for immediate effect, this
4-38 Act takes effect September 1, 2003.

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